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How transitioning advisors use tech to retain clients

By Rob Burgess
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Around 10% of advisors expect to change firms or consolidate their practices this year; such transitions can mean losing a significant part of client assets if not managed carefully.

Those were among the findings of a new report by Cerulli Associates and 55ip, J.P. Morgan Asset Management's automated tax services platform.

Advisors who have been through the process say constant communication with clients, along with a strong helping hand from technology, can help smooth the transition.

Ensuring a smooth transition

Advisors who switch between broker-dealer firms typically lose about 22% of the assets they manage, according to the study. Those moving from a broker-dealer firm to an independent firm lose around 18%, while advisors transitioning from one independent firm to another lose about 11%.

As someone who has gone through two major transitions — first from one broker-dealer to another, and most recently from a broker-dealer to launching his own RIA — Adam Spiegelman, wealth advisor at Spiegelman Wealth Management in Alamo, California, said he has "lived the numbers in Cerulli's research."

In his first move, Spiegelman said he retained over 94% of client assets. He's now on day six of his current RIA transition, and over 50% of his $400 million in AUM "is already in motion, with a goal of surpassing 90% again."

"The key is deep client relationships and constant communication — phone, email, Zoom, in-person — whatever it takes," he said.

Advisor transitions don't fail solely due to client attrition or poor onboarding, said Srbuhi Avetisian, digital marketing manager at Owner.One, a digital repository for global asset documentation, inheritance records and tax-related data.

"A large part of the problem is structural: fragmented documentation, unclear ownership records and jurisdictional gaps in inheritance plans — all of which create friction during and after advisor moves," she said.

'Technology makes or breaks this process'

When Marc Schindler established Pivot Point Advisors in Bellaire, Texas, 22 years ago, he transitioned from a traditional commission-based stockbroker

model to a fee-based RIA structure.

"My primary objective has always been to help clients grow their wealth while providing thoughtful, strategic financial planning," he said. "I'm proud to have maintained a client retention rate of over 95%."

Back then, Schindler used FedEx to overnight transfer paperwork to clients and back.

"I'd resign on a Friday afternoon or before a holiday to reach clients and get signed forms returned before the 'sharks' — brokers reassigned my accounts — could call," he said.

These days, the process is a lot more high-tech.

"Technology makes or breaks this process," said Spiegelman.

Transition-support technology should feature robust data migration and reconciliation capabilities to integrate with custodians, portfolio management systems and other core advisory platforms, said Nic Adams, co-founder and CEO of cybersecurity firm Orcus. Foremost is enabling the seamless, accurate transfer of client information, historical account data and investment positions from disparate legacy systems to new platforms, with built-in validation.

"Digital onboarding and e-signature capabilities are critical for expediting account opening and document signing," he said.

When it comes to tax management, Adams said transition technology should include real-time capital gains and loss analysis, tax-efficient rebalancing tools and the ability to model the tax implications of various transition strategies.

Automated communication workflows are also essential for compliant and consistent client outreach, he said. "Integrated workflow management tools to track transition progress, assign tasks and manage compliance checkpoints are also vital."

For his recent transition, Spiegelman used financial services firm RIA Works to pre-fill and send out paperwork, which he described as "a game-changer for managing 600 accounts."

And while Spiegelman was familiar with Fidelity's National Financial Services for clearing and custody from his broker-dealer days, shifting to Fidelity's Institutional Wealth Management Services on the RIA side "still came with surprises and a steep learning curve."

"Some training gaps and lack of hands-on onboarding slowed us down, and we quickly saw the value of having dedicated tech consultants and real-time support," he said.

Spiegelman said he has also been working closely with GAVIN, a public relations firm, to get messaging right while staying compliant, and the team at his firm "has been putting in 12- to 15-hour days to make this as smooth as possible for clients."

To those who are transitioning in order to launch their own firm, Spiegelman said he recommends preparing early, testing the tech stack well ahead of launch and delegating anything that keeps advisors from staying connected with clients.

"The work is intense, but the reward — building a firm truly aligned with your values — is worth it," he said.